

I certify that the attached is a true and  
correct copy of HJR 45 which  
was filed of record on Jan 25  
and referred to the committee on:

1989 FEB 16 PM 2:56

*Betty Murrage*  
Chief Clerk of the House

HOUSE OF REPRESENTATIVES

FILED JAN 25 1989

By *Libon*

#J.R. No. 45

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption  
2 from ad valorem taxation of property owned by a nonprofit water  
3 supply or wastewater service corporation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article VIII of the Texas Constitution is amended  
6 by adding Section 1-j to read as follows:

7 Sec. 1-j. The legislature by general law may exempt from ad  
8 valorem taxation property owned by a nonprofit corporation  
9 organized to supply water or provide wastewater service if the  
10 property is reasonably necessary for and used in the acquisition,  
11 treatment, storage, transportation, sale, or distribution of water  
12 or the provision of wastewater service.

13 SECTION 2. This proposed constitutional amendment shall be  
14 submitted to the voters at an election to be held November 7, 1989.  
15 The ballot shall be printed to provide for voting for or against  
16 the proposition: "The constitutional amendment authorizing the  
17 legislature to exempt from ad valorem taxes certain property of a  
18 nonprofit corporation that supplies water or provides wastewater  
19 service."

# HOUSE COMMITTEE REPORT

1st Printing

By Gibson

H.J.R. No. 45

## A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption  
2 from ad valorem taxation of property owned by a nonprofit water  
3 supply or wastewater service corporation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article VIII of the Texas Constitution is amended  
6 by adding Section 1-j to read as follows:

7 Sec. 1-j. The legislature by general law may exempt from ad  
8 valorem taxation property owned by a nonprofit corporation  
9 organized to supply water or provide wastewater service if the  
10 property is reasonably necessary for and used in the acquisition,  
11 treatment, storage, transportation, sale, or distribution of water  
12 or the provision of wastewater service.

13 SECTION 2. This proposed constitutional amendment shall be  
14 submitted to the voters at an election to be held November 7, 1989.  
15 The ballot shall be printed to provide for voting for or against  
16 the proposition: "The constitutional amendment authorizing the  
17 legislature to exempt from ad valorem taxes certain property of a  
18 nonprofit corporation that supplies water or provides wastewater  
19 service."

COMMITTEE REPORT

The Honorable Gib Lewis  
Speaker of the House of Representatives

5-10-89  
(date)

Sir:

We, your COMMITTEE ON WAYS AND MEANS,

to whom was referred H.J.R. 45 have had the same under consideration and beg to report  
(measure)

back with the recommendation that it

( ☒ ) do pass, without amendment.

( ) do pass, with amendment(s).

( ) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. ( ☒ ) yes ( ) no

An actuarial analysis was requested. ( ) yes ( ☒ ) no

An author's fiscal statement was requested. ( ) yes ( ☒ ) no

A criminal justice policy impact statement was prepared. ( ) yes ( ☒ ) no

A water development policy impact statement was requested. ( ) yes ( ☒ ) no

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars for placement on the ( ) Local, ( ) Consent, or ( ) Resolutions Calendar.

This measure ( ) proposes new law. ( ☒ ) amends existing law.

House Sponsor of Senate Measure \_\_\_\_\_

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Hury, Ch.	<input checked="" type="checkbox"/>			
Luna, V.C.	<input checked="" type="checkbox"/>			
Hollowell, C.B.O.				<input checked="" type="checkbox"/>
Berlanga				<input checked="" type="checkbox"/>
Craddick				<input checked="" type="checkbox"/>
Heflin				<input checked="" type="checkbox"/>
Morales	<input checked="" type="checkbox"/>			
Schlueter				<input checked="" type="checkbox"/>
Seidlits	<input checked="" type="checkbox"/>			
Stiles	<input checked="" type="checkbox"/>			
Williamson				<input checked="" type="checkbox"/>
Wilson	<input checked="" type="checkbox"/>			
Wolens	<input checked="" type="checkbox"/>			

Total

7 aye

0 nay

0 present, not voting

6 absent

James Hury  
CHAIRMAN

Deborah K. Wall  
COMMITTEE COORDINATOR

## BILL ANALYSIS

BACKGROUND

Current Texas law (Article 1434a, V.T.C.S.) provides for the creation and operation of non-profit corporations that supply water to their shareholders. Section 11.18 (d) (7), Tax Code, provides that an organization engaged exclusively in acquiring, storing, transporting, or distributing water for public use may qualify for a charitable organization exemption if it meets the other requirements of that section. The constitutionality of this exemption has been challenged twice in the courts of appeals (Military Highway Water Supply Corp. v. Boone and Willacy County Appraisal District v. North Alamo Water Supply Corp.). In both instances the court denied exemption to the water supply corporation without reaching the constitutional issue.

PURPOSE

This measure proposes a constitutional amendment which would allow the legislature to grant an ad valorem tax exemption for property reasonably necessary for and used by a non-profit water supply corporation to provide services.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VIII of the Texas Constitution by adding Section 1-j.

Sec. 1-j. Allows the legislature to exempt property reasonably necessary for and used by a non-profit water supply or wastewater service corporation in acquiring, treating, storing, or distributing water or providing wastewater services.

SECTION 2. Requires submission to the voters on November 7, 1989; specifies ballot language.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not delegate rulemaking authority to any state agency, officer, department, or institution.

SUMMARY OF COMMITTEE ACTION

On February 15, 1989, H.J.R. 45 was referred to the Property Tax Subcommittee consisting of the following members: Reps. Luna-Chair, Berlanga, Craddick, Heflin, and Seidlits. Public notice was posted in accordance to the rules and a subcommittee public hearing was held on April 5, 1989. The following persons testified in support: Mr. Louis T. Rosenberg, representing the Texas Rural Water Association; Mr. Dwayne Jekel, representing himself; Mr. John Burke, representing Aqua Water Supply Corporation and the Texas Rural Water Association; and Mr. Kent B. Watson, representing Wixon Water Supply Corporation. Mr. Richard Gist, representing the Texas Rural Water Association and Zephyr Water Supply Corporation, registered in support.

On April 26, 1989, the subcommittee voted to report the measure to the full committee without amendment.

On May 10, 1989, the full committee voted to report the measure to the House without amendment with the recommendation that it do pass by a record vote of 7 ayes and 0 nays, with 6 absent.

Ways and Means  
ALS

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 3, 1989

TO: Honorable James F. Hury, Jr., Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas

In Re: House Joint Resolution  
No. 45  
By: Gibson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Joint Resolution No. 45 (proposing a constitutional amendment to authorize the exemption from ad valorem taxation of property owned by a nonprofit water supply or wastewater service corporation) this office has determined the following:

The Tax Code provides for a charitable organization tax exemption for organizations engaged exclusively in acquiring, storing, transporting, or distributing water for public use if they meet certain tests. Court challenges have rendered the exemption inapplicable, at least with regard to the organizations named in the lawsuits.

The resolution proposes a constitutional amendment which, if adopted, would authorize the Legislature to exempt property reasonably necessary for and used by a non-profit water supply or wastewater service corporation in acquiring, treating, storing, or distributing water or providing wastewater service. The proposed amendment would be submitted to voters on November 7, 1989.

The cost of publication of the resolution to the State is estimated to be \$60,000 in fiscal year 1990.

No additional fiscal implication to the State is anticipated.

The constitutional amendment would be implemented by House Bill 651 or similar legislation. House Bill 651 would entitle a non-profit water supply or wastewater service corporation to a property tax exemption for property reasonably necessary for and used by the corporation in acquiring, treating, storing, or distributing water or providing wastewater service.

There would be no loss in revenues to taxing units for those corporations already qualifying for the exemption. However, taxing units would experience revenue losses in cases where an organization unable to qualify under the current statute would qualify under the new provisions outlined in the bill. The amount of these potential revenue losses cannot be determined.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: State Property Tax Board; Texas Water Commission; Secretary of State;  
LBB Staff: JO, JWH, AL, AM, PA

# HOUSE ENGROSSMENT

89 MAY 23 PM 6:52

HOUSE OF REPRESENTATIVES

By Gibson

H.J.R. No. 45

## A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption  
2 from ad valorem taxation of property owned by a nonprofit water  
3 supply or wastewater service corporation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article VIII of the Texas Constitution is amended  
6 by adding Section 1-j to read as follows:

7 Sec. 1-j. The legislature by general law may exempt from ad  
8 valorem taxation property owned by a nonprofit corporation  
9 organized to supply water or provide wastewater service if the  
10 property is reasonably necessary for and used in the acquisition,  
11 treatment, storage, transportation, sale, or distribution of water  
12 or the provision of wastewater service.

13 SECTION 2. This proposed constitutional amendment shall be  
14 submitted to the voters at an election to be held November 7, 1989.  
15 The ballot shall be printed to provide for voting for or against  
16 the proposition: "The constitutional amendment authorizing the  
17 legislature to exempt from ad valorem taxes certain property of a  
18 nonprofit corporation that supplies water or provides wastewater  
19 service."

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 3, 1989

TO: Honorable James F. Hury, Jr., Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas

In Re: House Joint Resolution  
No. 45  
By: Gibson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Joint Resolution No. 45 (proposing a constitutional amendment to authorize the exemption from ad valorem taxation of property owned by a nonprofit water supply or wastewater service corporation) this office has determined the following:

The Tax Code provides for a charitable organization tax exemption for organizations engaged exclusively in acquiring, storing, transporting, or distributing water for public use if they meet certain tests. Court challenges have rendered the exemption inapplicable, at least with regard to the organizations named in the lawsuits.

The resolution proposes a constitutional amendment which, if adopted, would authorize the Legislature to exempt property reasonably necessary for and used by a non-profit water supply or wastewater service corporation in acquiring, treating, storing, or distributing water or providing wastewater service. The proposed amendment would be submitted to voters on November 7, 1989.

The cost of publication of the resolution to the State is estimated to be \$60,000 in fiscal year 1990.

No additional fiscal implication to the State is anticipated.

The constitutional amendment would be implemented by House Bill 651 or similar legislation. House Bill 651 would entitle a non-profit water supply or wastewater service corporation to a property tax exemption for property reasonably necessary for and used by the corporation in acquiring, treating, storing, or distributing water or providing wastewater service.

There would be no loss in revenues to taxing units for those corporations already qualifying for the exemption. However, taxing units would experience revenue losses in cases where an organization unable to qualify under the current statute would qualify under the new provisions outlined in the bill. The amount of these potential revenue losses cannot be determined.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: State Property Tax Board; Texas Water Commission; Secretary of State;  
LBB Staff: JO, JWH, AL, AM, PA

**LEGISLATIVE BUDGET BOARD**

Austin, Texas

**FISCAL NOTE**

May 26, 1989

TO: Honorable Kent A. Caperton, Chairman  
Committee on Finance  
Senate Chamber  
Austin, Texas

In Re: House Joint Resolution  
No. 45, as engrossed  
By: Gibson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Joint Resolution No. 45, as engrossed (proposing a constitutional amendment to authorize the exemption from ad valorem taxation of property owned by a nonprofit water supply or wastewater service corporation) this office has determined the following:

The Tax Code provides for a charitable organization tax exemption for organizations engaged exclusively in acquiring, storing, transporting, or distributing water for public use if they meet certain tests. Court challenges have rendered the exemption inapplicable, at least with regard to the organizations named in the lawsuits.

The resolution proposes a constitutional amendment which, if adopted, would authorize the Legislature to exempt property reasonably necessary for and used by a non-profit water supply or wastewater service corporation in acquiring, treating, storing, or distributing water or providing wastewater service. The proposed amendment would be submitted to voters on November 7, 1989.

The cost of publication of the resolution to the State is estimated to be \$60,000 in fiscal year 1990.

No additional fiscal implication to the State is anticipated.

The constitutional amendment would be implemented by House Bill 651 or similar legislation. House Bill 651 would entitle a non-profit water supply or wastewater service corporation to a property tax exemption for property reasonably necessary for and used by the corporation in acquiring, treating, storing, or distributing water or providing wastewater service.

There would be no loss in revenues to taxing units for those corporations already qualifying for the exemption. However, taxing units would experience revenue losses in cases where an organization unable to qualify under the current statute would qualify under the new provisions outlined in the bill. The amount of these potential revenue losses cannot be determined.

Source: State Property Tax Board; Texas Water Commission; Secretary of State;  
LBB Staff: JO, JWH, AL, AM, CKM



By: Gibson (Senate Sponsor - Armbrister) H.J.R. No. 45  
(In the Senate - Received from the House May 24, 1989;  
May 25, 1989, read first time and referred to Committee on Finance;  
May 26, 1989, reported favorably by the following vote: Yeas 10,  
Nays 0; May 26, 1989, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	PNV	Absent
Caperton	x			
Glasgow	x			
Barrientos	x			
Brooks	x			
Harris				x
Johnson	x			
Krier	x			
McFarland				x
Montford				x
Parker	x			
Santiesteban	x			
Sims	x			
Truan	x			

A JOINT RESOLUTION

proposing a constitutional amendment to authorize the exemption  
from ad valorem taxation of property owned by a nonprofit water  
supply or wastewater service corporation.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII of the Texas Constitution is amended  
by adding Section 1-j to read as follows:

Sec. 1-j. The legislature by general law may exempt from ad  
valorem taxation property owned by a nonprofit corporation  
organized to supply water or provide wastewater service if the  
property is reasonably necessary for and used in the acquisition,  
treatment, storage, transportation, sale, or distribution of water  
or the provision of wastewater service.

SECTION 2. This proposed constitutional amendment shall be  
submitted to the voters at an election to be held November 7, 1989.  
The ballot shall be printed to provide for voting for or against  
the proposition: "The constitutional amendment authorizing the  
legislature to exempt from ad valorem taxes certain property of a  
nonprofit corporation that supplies water or provides wastewater  
service."

\* \* \* \* \*

Austin, Texas  
May 26, 1989

Hon. William P. Hobby  
President of the Senate

Sir:

We, your Committee on Finance to which was referred H.J.R. No. 45,  
have had the same under consideration, and I am instructed to  
report it back to the Senate with the recommendation that it do  
pass and be printed.

Caperton, Chairman

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 3, 1989

TO: Honorable James F. Hury, Jr., Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas

In Re: House Joint Resolution  
No. 45  
By: Gibson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Joint Resolution No. 45 (proposing a constitutional amendment to authorize the exemption from ad valorem taxation of property owned by a nonprofit water supply or wastewater service corporation) this office has determined the following:

The Tax Code provides for a charitable organization tax exemption for organizations engaged exclusively in acquiring, storing, transporting, or distributing water for public use if they meet certain tests. Court challenges have rendered the exemption inapplicable, at least with regard to the organizations named in the lawsuits.

The resolution proposes a constitutional amendment which, if adopted, would authorize the Legislature to exempt property reasonably necessary for and used by a non-profit water supply or wastewater service corporation in acquiring, treating, storing, or distributing water or providing wastewater service. The proposed amendment would be submitted to voters on November 7, 1989.

The cost of publication of the resolution to the State is estimated to be \$60,000 in fiscal year 1990.

No additional fiscal implication to the State is anticipated.

The constitutional amendment would be implemented by House Bill 651 or similar legislation. House Bill 651 would entitle a non-profit water supply or wastewater service corporation to a property tax exemption for property reasonably necessary for and used by the corporation in acquiring, treating, storing, or distributing water or providing wastewater service.

There would be no loss in revenues to taxing units for those corporations already qualifying for the exemption. However, taxing units would experience revenue losses in cases where an organization unable to qualify under the current statute would qualify under the new provisions outlined in the bill. The amount of these potential revenue losses cannot be determined.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: State Property Tax Board; Texas Water Commission; Secretary of State;  
LBB Staff: JO, JWH, AL, AM, PA

# SENATE FAVORABLE COMMITTEE REPORT

Lt. Governor William P. Hobby  
President of the Senate

5-26 5:30pm  
(date)/(time)

Sir:

We, your Committee on FINANCE to which was referred  
HJR 45 by Gibson have on 5-26, 1989, had the same  
(measure) (sponsor) (hearing date)

under consideration and I am instructed to report it back with the recommendation (s) that it

☒ do pass and be printed

☐ do pass and be ordered not printed

☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☐ yes ☒ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

Senate Sponsor of House Measure Armbrister

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Barrientos	<input checked="" type="checkbox"/>			
Brooks	<input checked="" type="checkbox"/>			
Glasgow	<input checked="" type="checkbox"/>			
Harris				<input checked="" type="checkbox"/>
Johnson	<input checked="" type="checkbox"/>			
Krier	<input checked="" type="checkbox"/>			
McFarland				<input checked="" type="checkbox"/>
Montford				<input checked="" type="checkbox"/>
Parker	<input checked="" type="checkbox"/>			
Santiesteban	<input checked="" type="checkbox"/>			
Sims	<input checked="" type="checkbox"/>			
Truan	<input checked="" type="checkbox"/>			
Caperton, Chair	<input checked="" type="checkbox"/>			
TOTAL VOTES	<u>10</u>			<u>3</u>

Lina Martin  
COMMITTEE CLERK

Kent Caperton  
CHAIRMAN

HOUSE JOINT RESOLUTION  
proposing a constitutional amendment to authorize the  
exemption from ad valorem taxation of property owned by  
a nonprofit water supply or wastewater service corporation.

JAN 25 1989

1. Filed with the Chief Clerk.

FEB 13 1989

2. Read first time and referred to Committee on

Ways & Means

MAY 10 1989

3. Reported favorably <sup>(as amended)</sup>  
<sub>(as substituted)</sub> and sent to Printer at12:15 pm  
MAY 12 1989

MAY 13 1989

4. Printed and distributed at

3:47 pm

MAY 15 1989

5. Sent to Committee on Calendars at

8:06 am

MAY 23 1989

6. Read second time ~~(amended)~~ and (finally) <sup>adopted</sup> passed to Third Reading by a Record Vote  
of 141 yeas, 2 nays, 1 present, not voting.7. Motion to reconsider and table the vote by which H.J.R. \_\_\_\_\_ was ordered  
engrossed prevailed (failed) by (Non-Record Vote) (Record Vote of \_\_\_\_\_  
yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting).8. Read third time (amended) and finally adopted (failed of adoption) by a Record Vote  
of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting.

9. Caption ordered amended to conform to body of resolution.

10. Motion to reconsider and table the vote by which H.J.R. \_\_\_\_\_ was finally  
adopted prevailed (failed) by a (Non-Record Vote) Record Vote of \_\_\_\_\_  
yeas, \_\_\_\_\_ nays, and \_\_\_\_\_ present, not voting).

MAY 23 1989

11. Ordered Engrossed at

4:22 pm

MAY 23 1989

12. Engrossed.

MAY 23 1989

13. Returned to Chief Clerk at

8:52 pm

MAY 24 1989

14. Sent to the Senate.

MAY 24 1989

15. Received from the House

MAY 25 1989

16. Read, referred to Committee on

Finance

MAY 26 1989

17. Reported favorably

18. Reported adversely, with favorable Committee Substitute; Committee Substitute  
read first time.

19. Ordered not printed.

20. Regular order of business suspended by

(a viva voce vote.)

( \_\_\_\_\_ yeas, \_\_\_\_\_ nays.)

21. To permit consideration, reading and passage, Senate and Constitutional Rules  
suspended by vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

22. Read second time

passed to third reading by:  
(a viva voce vote.)

( \_\_\_\_\_ yeas, \_\_\_\_\_ nays.)

Betty Murray  
Chief Clerk of the House

\_\_\_\_\_ 23. Caption ordered amended to conform to body of bill.

\_\_\_\_\_ 24. Senate and Constitutional 3-Day Rules suspended by vote of \_\_\_\_\_ yeas,  
\_\_\_\_\_ nays to place bill on third reading and final passage.

\_\_\_\_\_ 25. Read third time and passed by  
(a viva voce vote.)  
( \_\_\_\_\_ yeas, \_\_\_\_\_ nays.)

OTHER ACTION:

OTHER ACTION:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_ 26. Returned to the House.

\_\_\_\_\_ 27. Received from the Senate (with amendments.)  
(as substituted.)

\_\_\_\_\_ 28. House (Concurred) (Refused to Concur) in Senate (Amendments) by a (Non-Record  
(Substitute) Vote) (Record Vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present,  
not voting).

\_\_\_\_\_ 29. Conference Committee Ordered.

\_\_\_\_\_ 30. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record  
Vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, and \_\_\_\_\_ present, not voting).

\_\_\_\_\_ 31. Ordered Enrolled at \_\_\_\_\_

8:38 AM 12/11/33

12/11/33